USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Voluntary - Public

Clearance Office: Office of Country and Regional Affairs (OCRA)

Date: 6/5/2009
GAIN Report Number: CA9034

Canada

Post: Ottawa

This Week in Canadian Agriculture Issue 20

Report Categories:

Agriculture in the News

Agricultural Situation

Biotechnology

Dairy and Products

Grain and Feed

Potatoes and Potato Products

Approved By:
Lisa Anderson
Prepared By:
D. Dessureault, G. Myles

Report Highlights:
Rising Loonie a Concern for Canadian Dairy Industry * GM Wheat Debate Revisited * Cool Weather and Lack of Moisture Cause for Concern for Prairie Farmers * USDA and CFIA Issue Update Potato Cyst Nematode Guidelines

General Information:

RISING LOONIE A CONCERN FOR CANADIAN DAIRY INDUSTRY: A rapidly rising Canadian dollar is not only an issue of concern for Canadian exporters but also an issue of concern for Canadian supply managed industries. A

rapidly rising Canadian dollar combined with low American milk prices have Canadian dairy farmers concerned that raw milk from the United States may start coming into Canada, despite the prohibitively high tariffs. While there is currently a 241 percent tariff on raw milk, a stronger Canadian dollar combined with low U.S. milk prices may mean that there is incentive for importers to import the American milk, pay the tariff, and still make a profit by selling the milk at prices comparable to Canadian domestic prices, which are much higher than the American prices. This phenomenon is usually only of short duration and has happened in the past with butter and cheese both sitting just below the tariff line several times in the last 10 years. The likelihood of milk jumping the tariff wall is still relatively small as American milk prices have started to climb again in the last few months.

GM WHEAT DEBATE REVISITED: The fear that lack of consumer acceptance of genetically modified wheat (GM) could result in loss of markets for Canadian wheat growers remains the main barrier to Canadian wheat farmers' willingness to embrace GM-wheat. The debate on GM-wheat seems to have been revived after the May 14, 2009 statement by pro-GM wheat groups from the United States, Canada, and Australia. The groups declared that they will be working towards the goal of synchronized commercialization of biotech traits in the wheat crops. Their statement highlighted the importance of wheat to the food supply and the declining wheat acres in the United States, Canada, and Australia which they attribute in part to competition from crops that have the advantages of biotech crops. The statement also stressed the importance of introducing GM-wheat in a coordinated fashion to minimize market disruption. On June 1, 2009, farm and environment groups opposed to genetically modified wheat released a joint statement of opposition to GMO wheat. This most recent statement stated that due to the "global consumer rejection of genetically engineered wheat" the groups remain definitive in the opposition to GE wheat and committed to stopping the commercialization of GE wheat. Canadian wheat groups who were signatories to this statement included National Farmers Union (Canada), the Canadian Biotechnology Action Network, Union Paysanne (Canada) and Union Biologique Paysanne (Canada). The Canadian Wheat Board was not one of the signatories and did not outright reject GM-wheat. The CWB's support for GM wheat is predicated on a number of key conditions being met first. These conditions are: market acceptance, segregation systems, agronomic information and cost-benefit analysis. More information on biotechnology and its application to agriculture in Canada is available in Gain report: CA8058.

COOL WEATHER AND LACK OF MOISTURE CAUSE FOR CONCERN FOR PRAIRIE FARMERS: It has been a late start for Canadian grain and oilseed farmers in the Prairies. While seeding is almost completed, cool weather has delayed germination across the Prairies. According to crop and media reports out of Alberta and Saskatchewan, optimism has waned with regards to production in central Alberta and western regions of central Saskatchewan. These areas have not received any substantive precipitation since the end of the last growing season and as a result, the dry conditions have stalled the emergence of the crops. These dry conditions may result in farmers in the most affected areas in Alberta and Saskatchewan switching to forage crops such as barley and oats. Some farmers are reporting that, if conditions persist, they will leave the fields fallow. Industry sources report that it is critical that these areas receive rain within the next two weeks as the beginning of June is already late to be planting wheat, canola and corn. While there were some concerns expressed by Canadian grain industry analysts over the impact of a late frost on Canada's canola crop, these fears have been alleviated since the frost was not generalized and affected only a few localized areas.

USDA AND CFIA ISSUE UPDATE POTATO CYST NEMATODE GUIDELINES: The United States Department of Agriculture and the Canadian Food Inspection Agency jointly announced revised guidelines for potato cyst nematode (PCN) that will allow continued trade of seed potatoes between the two countries. The revised PCN guidelines describe the national survey of potato production for PCN in both Canada and the United States and now require increased soil sampling and testing from all fields where seed potatoes are produced for trade between the two countries. The guidelines also outline the measures that should be taken to manage a PCN detection and contain procedures for the subsequent removal of restrictions on land. *COMMENT: In recent years, PCN has been detected in Idaho (April 2006), and in Alberta (2007). Prior to its discovery in Idaho, the detection of PCN in North America had been limited to the island of Newfoundland, Canada. PCN is widely distributed in many potato-growing regions throughout the world. PCN poses no risk to humans but is a serious yield reducing plant disease that can affect other crops such as tomatoes and eggplants. PCN can persist in the soil for many years.*